

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6111**

**BILL NUMBER:** SB 45

**NOTE PREPARED:** Feb 6, 2003

**BILL AMENDED:** Jan 30, 2003

**SUBJECT:** ISTEP Tests.

**FIRST AUTHOR:** Sen. Server

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides that the subject areas of English/language arts and mathematics are the only subject areas to be tested under the Indiana Statewide Testing for Educational Progress (ISTEP) program. It provides that each ISTEP subject area test may not be longer than two hours in duration. The bill allows the Department of Education during the 2003-2004 school year to administer tests developed under the ISTEP statute before its amendment by this act.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** *Summary:* Under the bill, the Department of Education would be required to administer ISTEP+ examinations that could not be longer than two hours per subject area and subject areas to be tested would be limited to English/language arts and mathematics. Currently the Department has developed a science test and is required to develop a social studies test. The Department has not begun to develop a social studies test and would experience some savings from not having to develop or administer social studies testing. The federal No Child Left Behind Act requires a science test be given in grade 3-6, 7-9, and 10-12. The bill allows the Department of Education to administer the ISTEP+ test under current law for the 2003-2004 school year.

The impact to state expenditures would be dependant upon whether additional development and piloting would be required for the shorter test. If changing of the length of the test would require piloting and rescaling of the test, then CTB McGraw-Hill, the current vendor of the ISTEP examination, estimates the impact to be \$2 M in FY 2004 and \$1.4 M in FY 2005. The impact to state expenditures would be short-term (approximately two fiscal years) and would not be ongoing. It is unknown how much of the savings from eliminating the social studies test could be used to offset this expense. According to the Department of

Education, the costs of scoring and administration of the test might also be reduced in the future.

The funds and resources required above could be supplied through a variety of sources. Ultimately, the source of funds and resources required to satisfy the requirements of this bill would depend upon legislative and administrative actions.

**Background:** The following is the approximate length of the ISTEP test in the fall of 2002:

Grade Tested	Required Test Length	Optional Test Length
Third	6 Hours 5 Minutes	3 Hours 40 Minutes
Sixth	7 Hours	4 Hours 45 minutes
Eighth	7 Hours 25 Minutes	4 Hours 25 Minutes
Tenth	7 Hours 45Minutes	4 Hours 10 Minutes

For FY 2003, \$40,174,677 were appropriated from the state General Fund and state dedicated funds for ISTEP+ testing and remediation (Grades 3, 6, 8, and 10). Of this amount, approximately \$19 M was distributed to eligible school corporations for preventative and regular remediation and approximately \$20 M was distributed for test development and administration. ISTEP+ is Indiana's statewide student assessment program which is currently given in Grades 3, 6, 8, and 10. ISTEP+ includes both norm- and criterion-referenced components, is administered in the fall, and is based upon proficiencies from the previous year.

**ISTEP Background:** The criterion component of ISTEP+ (which includes English/Language Arts and Mathematics subject areas) measures student performance against the Indiana Academic Standard (an expectation of student achievement developed by the State Standards Task Force).

Beginning with the graduating class of the 1999-2000 school year, students who expected to graduate with a diploma were required to either: (1) complete all high school graduation credit requirements in addition to receiving a score at or above the Indiana Academic Standard on the examination; (2) successfully complete all components of the CORE 40 curriculum; or (3) successfully appeal the examination test results in accordance with current law. A student who does not receive a score at or above the Indiana Academic Standard may retake the examination during each semester of each grade following the grade in which the student is initially tested.

Through the spring of 2001 testing session, approximately 83% of the 2000-2001 and approximately 75% of the 2001-2002 graduating class received a score at or above the Indiana Academic Standard on the examination.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** School corporations.

**Information Sources:** CTB McGraw-Hill; State of Indiana, *List of Appropriations* (July 1, 2001, to June 30, 2003); Wes Bruce, Department of Education; Department of Education Internet site: <http://ideanet.doe.state.in.us>

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825